

Message Text

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73

ACTION NEA-10

INFO OCT-01 AF-06 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

CEA-01 STR-04 HEW-02 /116 W
----- 078024

R 191538Z NOV 75

FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 8034
INFO AMEMBASSY BONN
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

C O N F I D E N T I A L CAIRO 11756

E.O. 11652: GDS

TAGS: USEGJC EINV EGEN

SUBJECT: SADAT SETS ECONOMIC GOALS

REF: A. CAIRO 11491 B. CAIRO 10874

1. PRESS OF NOV 17 BANNERS FOUR-HOUR MEETING OF PRES SADAT
WITH PM SALEM, MINECONCOOP SHAFEL, MINPLANNING ABDEL
RAHMAN AND DEP MINECONCOOP GHANDOUR FOR DISCUSSION OF
MAJOR ECONOMIC OBJECTIVES SADAT HAS SET, TO BE ACCOMPLISHED
IN NOT MORE THAN NEXT THREE YEARS:

A. CORRECT BALANCE OF PAYMENTS PROBLEMS,

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B. ACHIEVE SELF-SUFFICIENCY IN FOOD;

C. EXTEND SOCIAL INSURANCE UNBRELLA TO EVERY CITIZEN.

2. ABOVE GOALS SHOULD BE ACCOMPLISHED WITHIN FRAMEWORK OF THREE MAIN POLICIES: WIDEST POSSIBLE POPULAR PARTICIPATION IN FULL RANGE OF ECONOMIC MATTERS, UNDER AEGIS OF ARAB SOCIALIST UNION, WHICH SHOULD INSURE FACTS ARE KNOWN TO ALL PEOPLE; ESTABLISHMENT OF A TAX STRUCTURE THAT WILL PROVIDE FOR SOCIAL SERVICES NEEDED BY POPULATION; COOPERATION WITH SOURCES OF TECHNOLOGY THROUGHOUT WORLD, IN ORDER TO PARTICIPATE IN REDISTRIBUTION OF INTERNATIONAL INDUSTRIAL ACTIVITIES.

3. PAPERS REPORT THAT MINISTERS GAVE SADAT BRIEFING ON STEPS TAKEN TO IMPLEMENT OPEN DOOR, ONE OF PRINCIPAL MEANS FOR ACHIEVING GOALS LAID DOWN BY PRESIDENT, INCLUDING NEW BANKING AND FOREIGN TRADE LAWS (ALREADY PASSED, REFS A AND B), AMENDMENTS OF INTEREST AND EXCHANGE RATES (NOT YET DONE), AND DECENTRALIZING PUBLIC SECTOR CONTROLS (IN PROCESS). THEY ALSO SAID THAT INDUSTRIAL PRODUCTION AND EXPORTS ARE UP, IMPORTS ARE BEING CURBED, AND BOTH LOANS AND INTEREST ON THEM HAVE BEEN REDUCED.

4. COMMENT: PRESIDENT SADAT NEEDS TIME AND STABILITY IF HIS POLICIES ARE TO HAVE CHANCE FOR SUCCESS, AND ABOVE ANNOUNCEMENTS, WHICH WERE DUTIFULLY FOLLOWED BY SUPPORTING EDITORIALS, ARE DESIGNED FOR DOMESTIC CONSUMPTION WITH THAT THOUGHT IN MIND.

5. OF THESE OBJECTIVES SELECTED BY SADAT, ONLY EXTENSION OF SOCIAL INSURANCE IS SUBJECT TO HIS CONTROL, BUT COSTS OF FULL-SCALE IMPLEMENTATION WOULD POSE SERIOUS PROBLEMS FOR OTHER ASPECTS OF ECONOMY. REMAINING TWO ARE MUTUALLY EXCLUSIVE, SINCE EGYPT'S INABILITY TO FEED HERSELF WILL REQUIRE CONTINUATION OF DISEQUILIBRIUM IN PAYMENT BALANCE UNTIL SUCH TIME AS PETROLEUM, INDUSTRY OR SOME OTHER FACTOR OF ECONOMY DEVELOPS TO EXTENT IT CAN COVER IMPORT NEEDS.

6. SADAT, ASTUTE AND RATIONAL IN POLITICAL ARENA, HAS LITTLE INTEREST IN ECONOMIC MATTERS. THIS MAY BE BECAUSE HE IS NOT AWARE OF MAGNITUDE OF PROBLEM, DUE IN TURN TO TENDENCY
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TO TRUST IN REPORTS PROVIDED BY HIS ADVISORS WHO DO NOT ALWAYS PROVIDE FULL FACTS AND/OR BECAUSE HE BELIEVES THAT LARGESSE OF ARABS AND OTHERS WILL SOMEHOW CONTINUE TO BAIL EGYPT OUT.
EILTS

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